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SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE: SPECIAL PROGRAMMES OF ECONOMIC ASSISTANCE

Special Plan of Economic Co-operation for Central America

Report of the Secretary-General

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I. INTRODUCTION

1. The present report is submitted pursuant to General Assembly resolutions 42/231 of 12 May 1988, 43/210 of 20 December 1988 and 44/182 of 19 December 1989.

2. During the forty-fourth session of the General Assembly, reports were submitted on the situation in Central America and the efforts made to promote the Special Plan of Economic Co-operation for Central America (A/44/344-S/20699 and Add.1; A/44/642 and Corr.1 and A/44/519). By its resolution 44/182, the General Assembly, inter alia, expressed its appreciation for the activities carried out in implementation of the Special Plan; welcomed the convening of the first meeting between the Governments of Central America and co-operating Governments and institutions; recommended the convening of sectoral meetings in continuation of the process already begun; and urged that the Central American countries be provided with financial resources on concessional and favourable terms, in addition to those which they are already receiving from the international community.

3. At the first meeting of Central American Governments with co-operating Governments and institutions (Geneva, 4-6 July 1989), the Governments of the subregion indicated their technical and financial co-operation requirements, while the co-operating community gave their sectoral or thematic priorities for development co-operation in Central America. There was a consensus among the delegations of co-operating Governments and institutions that the Special Plan is an appropriate framework which reflects Central America's priorities for financial and technical co-operation.

4. The Central American Presidents, at the summit meetings held at San Isidro de Coronado, Costa Rica, in December 1989 and Montelimar, Nicaragua, in April 1990, made an urgent appeal to the international community to increase its financial and technical support for the process of socio-economic recovery of the Central American countries and expressed satisfaction at the progress made in implementing the Special Plan. In paragraph 10 of the Montelimar Declaration, the Heads of State said that "Once the obstacles to peace have been overcome, it is necessary, in order to consolidate democracy, to face the economic challenge with determination". They also decided that the next summit meeting should address economic issues, including the social costs of the necessary economic adjustment process and the relaunching of the regional economic integration process.

5. Accordingly, at the summit meeting held at Antigua, Guatemala, in June 1990, the Central American Presidents, through the Declaration and the Central American Economic Plan of Action, outlined a joint strategy for achieving economic development with equity. The strategy is based on the modernization of production structures to ensure that the Central American economies are properly integrated into the world market, and views regional integration as a means to this end.

6. Through the mechanisms in place for its implementation, the Special Plan will take due account of the goals and priorities established in the Antigua Declaration and the Economic Plan of Action. It should be pointed out that the Declaration calls upon the international community to support those projects which the Central

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American countries may present within the framework of the Special Plan. A positive response by the co-operating community will permit the continuation of efforts under the Special Plan to contribute to development and the consolidation of peace and democracy in Central America.

II. THE MACRO-ECONOMIC FRAMEWORK

7. During 1989, the economies of the Central American countries continued to experience the imbalances that are hampering their achievement of long-term stability and sustained economic growth. One of the main obstacles continued to be the external sector, which was affected by difficulties in meeting external debt payments, the deterioration in terms of trade and the reduced flow of external resources. Fiscal problems also persisted, notwithstanding progress in some adjustment processes.

8. Any analysis of economic developments must take into account political developments in the region: electoral processes in El Salvador (March 1989), Honduras (November 1989), Costa Rica and Nicaragua (February 1990) and escalation of the armed conflict in El Salvador in November 1989.

9. According to statistics of the Economic Commission for Latin America and the Caribbean (ECLAC), there were marked disparities in the rate of growth of the gross domestic product (GDP) in 1989. The GDP growth rate was high in Costa Rica (5 per cent) and Guatemala (4 per cent), lower in Honduras (2.5 per cent). By contrast, there were signs of recession in El Salvador (-1 per cent) and especially in Nicaragua (-3 per cent). However, if we take population growth into account, per capita GDP growth rates, though unequal, were much lower: positive for Costa Rica and Guatemala (2.3 and 0.8 per cent respectively) and negative for the other three countries. The resulting levels of per capita GDP remained well below those achieved in the early 1980s.

10. In Costa Rica, Guatemala and Honduras, there was a growth in exports and gross capital formation, and in Costa Rica private consumption also increased. In El Salvador, the armed conflict affected the operations of the industrial and service sectors, contributing to a recession which included a drop in exports through reduced coffee exports and a decline in gross capital formation. In Nicaragua, construction and industry declined as a result of the measures taken to combat inflation in the midst of the political and economic crisis facing the country.

11. Price stabilization was a priority objective in 1989, and the Central American countries accordingly implemented adjustment measures. Costa Rica reduced its inflation rate from 25 to 10 per cent, while inflation rates increased in Guatemala, El Salvador and Honduras (reaching 17.9, 23.5 and 11.4 per cent respectively). Lastly, Nicaragua was able to somewhat reduce its hyperinflation, achieving a rate of 1,689 per cent as against 33,657 per cent in 1988.

12. In most countries, the balance of payments current account showed a greater deficit in 1989, as a result both of trade imbalances brought about by a drop in

the price of coffee during the second half of the year and of outflows for external debt-service payments.

13. The economic difficulties of the Central American countries and the need to adopt adjustment measures were reflected in a short-term deterioration in the social situation. Real wages did not increase; they remained depressed and even decreased. Only in Costa Rica did they recover slightly.

14. In general, it must be remembered that the region has fallen behind in terms of social and human development. Even after three decades of growth in GDP, ECLAC has estimated that in some Central American countries more than 60 per cent of the population is affected by varying levels of poverty. Extreme poverty, the inequitable distribution of the costs of economic adjustment and the social situation in general threaten the attainment of lasting peace and stability in Central America.

III. IMPLEMENTATION OF THE SPECIAL PLAN

15. The Special Plan was launched in September 1988, when the Vice-Presidents of the five Central American countries proposed a three-tier mechanism for its implementation. The mechanism was welcomed by the General Assembly in resolution 43/210 and includes the five Central American Governments, regional integration institutions, the United Nations Development Programme (UNDP), ECLAC and other international organizations, as well as co-operating Governments.

16. The Central American Vice-Presidents also approved an intraregional co-ordination mechanism that involves the participation of the Central American Governments and regional institutions.

17. Within the framework of the agreed mechanisms, two meetings of the Support Committee for the Special Plan were convened by UNDP in New York, in November 1988 and February 1990. The first meeting of the Policies and Projects Committee was held in February 1990. Representatives of the Central American Governments - Vice-Ministers for the Support Committee and Ministers for the Policies and Projects Committee - and of the World Bank, the International Monetary Fund, ECLAC, the Inter-American Development Bank (IDB), the Organization of American States, the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), and UNDP as co-ordinating organization, participated in both Committees. Regional organizations such as the Central American Bank for Economic Integration (CABEI) and the Central American Monetary Council (CAMC) were also invited.

18. The meetings made it possible to define criteria for the identification of priority technical co-operation and pre-investment projects, the evaluation of project proposals and the approval of 6-month and 12-month plans. Within the framework of regional meetings, UNDP met periodically with representatives of the five Central American Governments, with SIECA, which acts as technical secretariat for these meetings, and, on a number of occasions, with other regional organizations, with a view to streamlining the implementation of the Special Plan

and making it more effective. After the first meeting of the Support Committee, 11 meetings of the Vice-Ministers' Forum and four ministerial meetings were held. The results of this joint decision-making effort strengthen the ties of interdependence, thereby contributing to the Central American peace process.

19. In terms of its implementation, the Special Plan can be viewed from two different perspectives. On the one hand, the Plan provides a framework and establishes priorities for international development co-operation for the region. On the other, the purpose of the mechanism it uses is to prepare the technical documentation required to present bankable projects or detailed project profiles to the co-operating community and to mobilize financial resources. These activities are being financed from UNDP Special Programme Resources with co-financing from multilateral and bilateral co-operating Governments or institutions.

20. The first meeting of Central American Governments with co-operating Governments and institutions, mentioned in paragraph 3 of this report, launched a process involving sectoral and thematic meetings. To date, meetings have been held for the electricity sector and for refugees, returnees and displaced persons. The United Nations system is helping the Central American Governments organize, in the near future, sectoral meetings or direct negotiations with the co-operating community in the following areas: health; agriculture; Central American Monetary Stabilization Fund; micro, small and medium-sized businesses; telecommunications; nutrition; and the road network. Preparatory activities will soon begin in areas related to the environment, with a view to convening a meeting with the co-operating community.

21. Since the launching of the Special Plan, 43 technical assistance projects totalling \$US 20,441,000 have been approved or have reached the final stages of approval for financing from the UNDP Special Programme Resources allocation and from contributions from bilateral and multilateral donors. Of this amount, \$US 12,630,000 are being financed from the \$US 20 million UNDP Special Programme Resources and the balance from co-financing or parallel financing modalities. Annex I shows the status of project approvals as at 17 September 1990.

22. The Central American Governments, with UNDP co-operation, also analysed the possibility of financing over 40 projects from Special Programme Resources. Some of these projects were channelled to other sources of funding. In the portfolio of new projects and expansions of existing projects, alternative funding totalling \$US 3,863,000 is being considered for various projects.

23. At the thirty-seventh session of the UNDP Governing Council, held at Geneva in June 1990, the Central American Governments requested the allocation of \$US 20 million from UNDP Special Programme Resources to complete activities already under way or to finance activities about to begin under the fifth programming cycle (1992-1994). This request was supported by all the Latin American and Caribbean countries and several donor Governments, among others. The Governing Council's decision will be made known in February 1991.

IV. EMERGENCY PROGRAMME

A. Assistance to refugees, returnees and displaced persons

24. The emergency programme established the need to provide immediate assistance to populations uprooted as a result of the conflicts in the subregion. This initiative was in keeping with the spirit of the San Salvador Communiqué issued by the Central American Governments and Mexico on 9 September 1988. By its resolution 43/118 of 8 December 1988, the General Assembly supported the convening of the International Conference on Central American Refugees.

25. In January 1989, UNDP and the Office of the United Nations High Commissioner for Refugees (UNHCR) began joint efforts to assist the Central American Governments, Belize and Mexico in preparing studies, regional and national strategies, and projects aimed at finding comprehensive solutions for uprooted groups. Personal representatives of the Office of the Secretary-General of the United Nations participated in the general co-ordination meetings.

26. As was reported at the forty-fourth session of the General Assembly, in Guatemala in May 1989 the International Conference on Central American Refugees adopted a Declaration and a Concerted Plan of Action in favour of Central American Refugees, Returnees and Displaced Persons (A/44/527, annex). The General Assembly, by its resolution 44/139 of 15 December 1989, welcomed the guidelines, goals and objectives of the Concerted Plan of Action, welcomed the establishment of machinery for follow-up and co-ordination, urged Member States to continue and increase their assistance to the affected countries, and urged co-operating countries to respond positively to the request for funding for projects submitted by the Central American countries, including Belize and Mexico.

27. As required by the Concerted Plan of Action, which has a duration of three years, the first international meeting of the Conference Follow-up Committee was held in New York on 27-28 June 1990. The meeting was held under the auspices of the Secretary-General, with the co-operation of UNHCR, and was organized by UNDP. Seventy-two States, 18 intergovernmental organizations and 59 non-governmental organizations participated.

28. At the meeting, 59 prioritized projects costing a total of \$US 186 million were presented. Of that amount, the international community was requested to contribute \$US 161 million. The projects will benefit approximately 445,000 people. Donors pledged \$US 98.8 million to finance part of the Plan of Action.

29. The Programme in favour of Displaced Persons, Refugees and Returnees in Central America, which is being financed by a contribution from the Government of Italy, began to be implemented in November 1988. In July 1990, the first \$US 16 million were received for the implementation of the main activities in the various countries. The Programme is one of the main channels for implementing the Concerted Plan of Action. Details of the Programme were given in the previous report on the Special Plan presented to the General Assembly (A/44/519).

30. The beneficiaries targeted by the 59 projects submitted to the first international meeting of the Conference Follow-up Committee and by the Programme account for 30 per cent of the total population uprooted by the armed conflicts in the region.

31. Although not directly within the framework of the Conference, another initiative ties in with the search for solutions to the problem of other uprooted Nicaraguan populations. At a meeting held at Tela, Honduras, on 7 August 1989, the Central American Presidents adopted a joint plan for the voluntary demobilization, repatriation or relocation in Nicaragua or third countries of the members of the Nicaraguan Resistance and their families (A/44/451-S/20778, annex I). The Central American Presidents requested the Secretary-General of the United Nations and the Secretary General of the Organization of American States to establish an International Support and Verification Commission (CIAV) for the implementation of the plan adopted at Tela. The Secretary-General of the United Nations sought the co-operation of UNHCR and UNDP in preparing the technical documentation to back up the appeal he made on 18 April 1990 (SG/CONF.5/1) and also their participation in the implementation of activities relating to repatriation, emergency assistance and reintegration into the economic and social development process. Some countries that had participated in the first international meeting of the Follow-up Committee of the International Conference on Central American Refugees pledged contributions to the appeal.

B. Food aid

32. In response to the food shortage caused by both structural and short-term factors, the Central American Governments, with the support of the World Food Programme (WFP), assessed immediate food needs at approximately \$US 104 million.

33. In 1988, WFP supplied the Central American subregion with 92,035 tons of food worth \$US 48 million from its regular and emergency programmes. In 1989, WFP supplied 39,746 tons of food worth \$US 29 million. The Central American Governments also requested help from specific donors to cover the food deficits in the different countries.

C. Urgent energy needs

34. The report in document A/44/519 submitted to the General Assembly contains information on these emergency needs and paragraphs 51-55 of the present report provide information on the action taken and results achieved in this area during the past year.

V. PROGRAMME OF IMMEDIATE ACTION

35. As the Special Plan points out, one of the principal constraints on the subregion in launching the process of economic recovery is financial. The Special Plan identifies two areas requiring immediate action: the heavy external debt

burden and financing to reactivate the Central American Common Market and reduce temporary imbalances in countries' balance of payments.

A. External debt

36. The previous progress report on the Special Plan described the constraints on a regional approach to the external debt problem. Since external debt negotiations have been conducted bilaterally, the assistance provided by UNDP has focused on technical assistance. Through a project executed by ECLAC and the United Nations Conference on Trade and Development (UNCTAD), support was given to all aspects of the establishment of a computerized information system on the debt in each Central American country. Furthermore, in August 1990, a project was approved for devising alternative solutions to the intraregional debt that has accumulated as a result of the trade imbalances of the past.

B. Financing to reactivate the Central American Common Market and reduce temporary imbalances in countries' balance of payments

37. The European Economic Community allocated ECU 120 million to reactivate intraregional trade. A regional multilateral payments system was established and provided with liquid assets and a credit system was set up to facilitate payments. It also pledged ECU 30 million for Honduras and Nicaragua.

38. Efforts are under way to restructure the Central American Monetary Stabilization Fund in order to assist in correcting temporary imbalances in the Central American countries' balance of payments. A project is being implemented for this purpose with CACM, with resources from the Special Plan, and its first recommendations have been approved by the Presidents of the Central Banks of the subregion. It is estimated that the Fund will require some \$US 400 million over the next few years. Consultations have begun with the International Monetary Fund (IMF) and talks with some donors, with a view to resource mobilization.

VI. ECONOMIC REACTIVATION AND SOCIAL DEVELOPMENT

A. Industrial rehabilitation and reconversion

39. In September 1989, UNDP formulated a project in consultation with ECLAC and SIECA, the implementation of which made it possible to assess the possibilities for industrial rehabilitation and reconversion in the following branches of industry: foodstuffs; leather and footwear; wood and furniture; textiles and ready-made clothing; engineering; and chemicals. The results were discussed with the Governments and with regional institutions in the industrial sector, and seminars were held at the national and regional levels with the participation of private businessmen. On the basis of the project's recommendations, the Central American Governments requested that a technical mission be sent to investigate current industrial policies and their prospects, and to prepare a proposal for technical assistance in specific areas of industrial rehabilitation and reconversion.

B. Agricultural development

40. The project entitled "Technical Assistance for the Agricultural Development of Central America" is being executed by the World Bank with financing from UNDP, the Government of Japan and the International Fund for Agricultural Development (IFAD). The main objective of the project is to strengthen national technical units in Ministries of Agriculture in the areas of preparation of sectoral studies, analysis of investment policies and programmes and formulation of national and regional investment projects. This should result in more balanced agricultural investment programmes and more efficient implementation of ongoing projects, especially rural development projects. In the past 12 months, the project has carried out studies in such areas as basic grains, coffee, soy beans, livestock production and agro-industry; assisted in the preparation of 16 programmes and projects representing investments totalling some \$US 490 million; and conducted training activities which benefited 211 participants in 1989.

41. At the same time, Ministries of Agriculture and regional institutions in the agricultural sector are receiving assistance in the preparation of a portfolio of regional investment and technical co-operation projects. The portfolio includes the following programmes: food and agriculture development; non-traditional exports; strengthening of rural settlements; agro-industrial development; irrigation, drainage and levelling; biotechnology; and improvement of animal and plant health. The technical documentation, including project profiles, will be presented to the agricultural sector meeting with co-operating Governments and institutions, to be held at Managua in February 1991.

42. The Special Plan is also supporting the Trifinio Plan, an initiative by Guatemala, Honduras and El Salvador to launch a regional development process for border areas which will help integrate such areas, for which resources are usually scarce and investment projects totally lacking. The project, which was approved in September 1990, involves co-operation with the tri-national technical secretariat and is receiving a contribution from CABEI. Its execution will permit the formulation of projects for investments in agricultural infrastructure, high-yield crops, irrigation, soil conservation and reforestation.

C. Trade concessions

43. The trading activities of the Central American countries are receiving support from the Special Plan through a project executed by UNCTAD. The project is aimed at rationalizing, simplifying, harmonizing and automating the procedures which have hindered the Central American countries' trade flows. During the first year of its implementation, progress was made in the promotion of trade through the production of an international traffic guide, improvements in the single window approach to administrative controls for international trade, and simplifications in the transport area with regard to the installation of the Automated System for Customs Data. The need to secure the interaction of national projects to support subregional management was noted.

44. With regard to trade concessions, each of the countries of the subregion individually is negotiating benefits from preferential agreements of varying scope with other countries and with the European Economic Community. In August 1990, a proposal by those countries was approved for UNCTAD to provide them with technical assistance and training for the negotiations that most of them are conducting on their admission to the General Agreement on Tariffs and Trade (GATT).

45. With regard to exports, the International Trade Centre (ITC) has prepared a technical co-operation programme in support of the promotion and development of Central American exports. The programme brings together the regional and national agencies responsible for exports and includes a set of projects dealing with the various aspects involved in increasing exports, from the design and promotion of a strategy to marketing, financial services and human resources development. These projects are under consideration by Governments and UNDP.

D. Physical infrastructure

46. In the area of telecommunications and as a result of the preparatory assistance provided in 1989, the International Telecommunication Union (ITU) is implementing a project to prepare the technical documentation to be submitted to the sectoral meeting with the co-operating community. Project activities are closely co-ordinated with CABEI and the Technical Commission for Telecommunications in Central America. UNDP is also supporting the preparation of technical documentation for the sectoral meeting with the co-operating community on the road network. This initiative is being carried out jointly with SIECA and Ministries of Transport.

47. The activities under way in both sectors involve the review of the portfolio of existing technical co-operation and investment projects, the design of new projects and the preparation of technical documentation for the meetings with the co-operating community scheduled for the first quarter of 1991 and intended to mobilize resources.

E. Investments in the energy sector

48. In the electricity subsector, according to the priority assigned by the Central American Governments, the project "Institutional Development and Regional Electrical Integration of the Central American Isthmus" (DIEICA) was executed by the World Bank, in co-operation with ECLAC and in close co-ordination with the electricity companies of the Central American countries and the Central American Electricity Council. The project achieved its objectives of updating, expanding and prioritizing the list of investment projects in the electricity subsector prepared by the region's electricity companies.

49. On the basis of the documentation produced by the project and at the request of the Central American Governments, UNDP, in its role as co-ordinating agency for the Special Plan, convened the first meeting of the Governments of the Central American isthmus with co-operating Governments and institutions for the electricity sector. The meeting was held at San Salvador, El Salvador, on 3-4 April 1990.

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50. The meeting was attended by 14 countries and seven intergovernmental organizations. Ninety-eight profiles of technical assistance and investment projects totalling \$US 231 million were presented and analysed.

51. Pledges totalling \$US 47 million were received and a number of donors expressed interest. The latter will have to be followed up by the Central American Governments so that additional pledges are made. UNDP will continue to support the Electricity Council and the electricity companies in this, through the mechanisms established under the project.

52. The second phase of the DIEICA project began in September 1990. Its specific aim is to support action to make the electricity companies more efficient administratively and financially and to evaluate the electricity interconnection grid in order to promote integration of the region's electricity supply.

F. Social investments

53. In the health sector, it was agreed with the Central American Governments and the World Health Organization/Pan American Health Organization (WHO/PAHO) that regional project proposals under the "Health: A Bridge for Peace" programme would be included in the Special Plan. The proposals set forth in that programme were formulated by the Ministries of Health, with the co-operation of WHO/PAHO and with assistance from the United Nations Children's Fund (UNICEF) in the child survival area and that of the Institute of Nutrition of Central America and Panama (INCAP) in the food and nutrition area.

54. The preparation of projects on priority health needs in the Central American isthmus began as the dynamic response of a social sector to the difficult social and economic conditions affecting the subregion. The initiative attracted pledges of approximately \$US 150 million from the international community for the implementation of regional projects. The Ministries of Health of the subregion recently evaluated the scope and achievements of the present phase of the programme and established priorities for a second phase, the main aspects of which are: health infrastructure; health promotion and disease control; health care for special groups; and health and environment. During the first quarter of 1991, a meeting will be held to evaluate the first phase of the programme and to mobilize new resources.

55. UNICEF is financing major national projects in favour of the most vulnerable groups in Central America and has expanded the scope and coverage of many of them in recent years. In April 1990, it presented to its Executive Board a series of regional initiatives totalling \$US 70 million and mainly involving integrated primary health care projects; education for development; children in especially difficult circumstances; iodine deficiency disorders; social mobilization in Central America and Panama; and basic urban services.

56. In other areas of social development, UNDP, together with other international organizations, has supported the preparation of proposals designed to offset the effects of adjustment programmes or to enhance the situation of the lowest income

groups. Such initiatives include the social investment funds established in El Salvador, Honduras and Guatemala and the reconciliation and rehabilitation plan in Nicaragua. On the basis of the annual work plan agreed with the Central American Governments under the Special Plan, various proposals are being reactivated which will make it possible to draw up a plan for reducing poverty levels in Central America.

G. Promotion of micro, small and medium-sized businesses

57. The Action Committee in Support of the Economic and Social Development of Central America, which is part of the Latin American Economic System (SELA), was instructed by its member States at its latest regular meeting (Caracas, May 1990) to set in motion a programme for the promotion of micro, small and medium-sized businesses in the Central American isthmus, in close co-ordination with regional organizations and with other efforts in this sector. The aim is to facilitate the convergence of various multi-sectoral efforts on an issue that has important economic as well as social implications.

58. The programme includes projects in six priority areas: production and markets; financing (development fund within CABEI); commercial and technological information; training and refresher training; and technological and institutional strengthening. In order to facilitate the mobilization of resources for this programme, the co-operation mechanism envisages, among other alternatives, the holding of a sectoral meeting with the co-operating community within the framework of the Special Plan.

59. In the area of handicrafts development, a project is under way to support handicrafts production and marketing activities through the Regional Enterprise for the Marketing of Central American Handicrafts. An operational structure is now in place in the five countries, training courses have been given in handicrafts design and a computerized system with a data base has been installed.

H. Food security

60. In the area of nutrition, UNDP is financing a project executed by the World Bank, with the participation of WHO/PAHO and INCAP, to improve the quality of nutrition assistance programmes through regional seminars which encourage exchanges of information and experience between countries. The seminars also help to identify the necessary investment projects. The first regional seminar was held in May 1990, with the participation of the Central American countries, the World Bank, WHO/PAHO and the co-operating community. It enabled participants to analyse each country's requirements and priority projects for reducing the effects of structural adjustment policies on nutrition programmes. A second seminar is being prepared.

61. As a contribution to food security programmes in the subregion, INCAP is implementing a project for the transfer of technology for the production of compounded or enriched flours, which will be used to feed large, needy, high-risk population groups. This project is expected to formulate a regional investment proposal for presentation to the co-operating community.

I. Tourism

62. As indicated in the previous report on the Special Plan (A/44/519), the World Tourism Organization (WTO), in close co-operation with national authorities and the Central American Secretariat for Tourism Integration (SITCA), implemented a preparatory assistance project to identify priority needs for tourism development in the subregion. The project prepared six technical co-operation proposals in the following areas: (i) promotion of the subregion's tourist image abroad; (ii) tourism legislation; (iii) definition of the subregion's areas of interest to tourists; (iv) conservation and development of the resources of protected areas; (v) human resources training for tourism; and (vi) facilitation of tourism. In September 1990, the Central American Governments agreed to finance projects (iv), (v) and (vi) with UNDP resources. Efforts will soon be made, with WTO support, to obtain financing from other sources for the remaining projects.

J. Environment

63. In this area, the Special Plan is closely linked to the strategy and priorities of the Central American Commission on Environment and Development (CCAD) established by the Central American Presidents in late 1989. In September 1990, a project was approved for the conduct of a survey of existing and projected governmental and international co-operation activities in the areas of reforestation and the management of natural forests in Central America.

64. Preparatory assistance for agriculture and forestry in the region was also approved, marking the first phase of efforts to permit the transfer to the subregion of the methodologies, experience and achievements of a project being carried out in El Salvador, and other similar projects in the subregion, in co-operation with UNDP and the Food and Agriculture Organization of the United Nations (FAO). The purpose of the project is to transfer a model for sustainable hillside farming, forestry activities, diversification of production and soil conservation which will benefit small farmers and acquaint them with environmental protection measures.

65. These and other initiatives are aimed at identifying environmental needs with a view to the possible preparation of a portfolio of investment project profiles and a regional technical co-operation programme.

K. Central American Bank for Economic Integration

66. UNDP, in co-ordination with other sources of financing and with the agreement of the Central American Governments, initiated action to assist in the restructuring of CABEI with a view to strengthening its financial structure and operational systems. Studies permitted the formulation of a two-phase project lasting a total of two and a half years.

67. It is expected that the project's first phase will help to reduce and restructure the Bank's commercial debt, improve the investment management system,

diversify the portfolio of loans and increase loans for production sectors, improve the management information system and help set in motion debt conversion operations.

68. Within the technical assistance process, CABEI is carrying out a programme of financial restructuring. One of the Bank's main objectives is to put itself on a sound financial footing in the medium term by incorporating partners from outside the region, a measure which would substantially increase its assets and its loan portfolio.

VII. INSTITUTIONAL ASPECTS AND MANAGEMENT CAPACITY

69. In the past 12 months, progress was made in executing two projects aimed at assisting both the Ministries responsible for the Special Plan and SIECA in undertaking activities related to the Plan's implementation. The first project helped enhance the Central American Governments' capacity to manage and co-ordinate international co-operation. Training courses and workshops were organized for government personnel.

70. The second project, which provides support to SIECA in its capacity as technical secretariat of the intraregional mechanism of the Special Plan, assisted, inter alia, in the preparation of documentation and reports for the various meetings and in the formulation of technical co-operation projects.

71. The projects of institutional support for UNDP and ECLAC met their goal of facilitating the implementation of the Special Plan. The first project enabled UNDP, in its capacity as co-ordinator of the Plan, to carry out promotion, co-ordination and information activities with the Central American Governments, multilateral organizations and co-operating countries. The project also assisted the Central American Governments in holding meetings of the mechanisms for implementing the Special Plan and strengthened UNDP offices in the subregion by recruiting staff and providing them with ongoing training. The project in support of ECLAC helped it to prepare technical documents for the various meetings of the Support Committees and the Policies and Projects Committee of the Special Plan and reports for sectoral meetings on electricity, agriculture and the road network.

72. In the field of public administration, the project executed by the Central American Institute of Public Administration (ICAP) carried out activities in the area of delivery of social services. Studies were made of the management of these services and national workshops were organized on the subject. Furthermore, the regional post-graduate programmes in public administration offered by ICAP and the Latin American Faculty of Social Sciences (FLACSO) were strengthened.

73. Lastly, the Special Plan includes two projects designed to facilitate the co-ordination of external co-operation for Central America and to disseminate information on the Plan's implementation. The first project involves the design and installation of a System of Computerized Information for the Implementation of the Special Plan (SIPEC), which permits the periodic updating of information on national and regional projects executed through UNDP, other international

organizations and bilateral co-operation. Training in the use of SIPEC was given to personnel from Governments, Central American institutions, UNDP and other agencies of the United Nations system.

74. The second project, entitled "Dissemination of Information on the Implementation of the Special Plan", permits journalistic coverage of the execution and impact of projects under the Special Plan and of sectoral meetings with the co-operating community. Information has been produced and distributed regularly to the mass media and eight issues of a newsletter have been produced.

ANNEX

Special Plan of Economic Co-operation for Central America (PEC)

Status of approval/execution of technical co-operation projects financed by UNDP and the co-operating community (cost-sharing, trust funds, MSA)

(Thousands of United States dollars)

Item Number and title of project	Initiation date and duration	Headquarters and participating countries	Executing agencies	Total	Budget UNDP PEC	Other	In kind	Status of project approval Government	UNDP
1 CAM/88/001/E Preparatory assistance and regional co-ordination: programme in favour of displaced persons, refugees and returnees	May 1989 48 months	Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Belize	UNDP/OPS	4 872	400	4 472 (Italy)	---	Approved	Approved
2 CAM/88/002/E Support to the co-ordination secretariat of the Meeting of Central American Vice-Presidents	Sept. 1988 12 months	Guatemala Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/OPS	35	35	---	---	Approved	Approved
3 CAM/88/003/D-RLA/88/003/H Institutional strengthening of UNDP for the implementation of the Special Plan	Feb. 1989 24 months	New York Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/OPS	2 423	2 398	25 UNDP/CD	---	Approved	Approved
4 CAM/88/004/A Support for payment mechanisms for intraregional trade	10 months	Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNCTAD	---	---	---	---	Cancelled	Cancelled
5 CAM/88/005/D Technical support to the mechanisms for the implementation of the Special Plan	Feb. 1989 24 months	Mexico/Guatemala Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	ECLAC	386	386	---	112	Approved	Approved
6 CAM/88/006/C Strengthening of the Central American Monetary Stabilization Fund	Feb. 1989 9 months	Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/OPS	49	49	---	33	Approved	Approved
7 CAM/88/007/C Modernization of customs clearance procedures and facilitation of trade (ASYCUDA)	Aug. 1989 24 months	Guatemala Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNCTAD	680	680	---	---	Approved	Approved

Item	Number and title of project	Initiation date and duration	Headquarters and participating countries	Executing agencies	Total	Budget UNDP PEC	Other	In kind	Status of project approval Government	UNDP approval
8	CAM/88/009/E Support to Governments in the formulation of strategies and projects to permanently solve the problem of refugees, displaced persons and returnees in Central America (CIREPCA)	Feb. 1989 20 months	Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Belize	UNDP/ OPS UNHCR	479	479	---	---	Approved	Approved
9	CAM/88/010/B Preparatory assistance. Development of telecommunications in Central America	April 1989 3 months	Honduras Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	ITU	42	7	35 Project Devel- opment Facility (PDF) / UNDP	6	Approved	Approved
10	CAM/89/001/F Technical assistance for agricultural development (RUTA II)	Feb. 1989 36 months	Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	World Bank	4 790	1 600	3 190 1/ IFAD IBRD Japan	1 621 2/	Approved	Approved
11	CAM/89/004/B Tourism development in Central America	May 1989 6 months	Nicaragua Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	WTO	45	45	---	---	Approved	Approved
12	CAM/89/005/A Development and regional integration: Trifinio Plan	Sept. 1990 12 months	Guatemala Guatemala, El Salvador, Honduras	UNDP/ OPS	750	550	200 3/ CABEI	250	Approved	Approved
13	CAM/89/006/D Modernization and support for handicrafts and micro- and small-scale industry in the context of Central American integration (ERCAC)	Oct. 1989 12 months	Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNIDO	517	517	---	---	Approved	Approved
14	CAM/89/007/B Strengthening of public administration (ICAP)	May 1989 24 months	Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	414	414	---	307	Approved	Approved
15	CAM/89/008/D Dissemination of information on the implementation of the Special Plan	July 1989 12 months	Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	100	100	---	20	Approved	Approved

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Item	Number and title of project	Initiation date and duration	Headquarters and participating countries	Executing agencies	Total	Budget UNDP PEC	Other	In kind	Status of project approval Government	UNDP
16	CAM/89/009/E Information system for the Special Plan (SIPPC)	Feb. 1989 36 months	New York Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	299	274	25 UNDP IPF/El Salvador	---	Approved	Approved
17	CAM/89/010/F Technical co-operation for strengthening the Central American Bank for Economic Integration (CABEI) (Preparatory assistance)	Feb. 1989 15 months	Honduras Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	151	151	---	---	Approved	Approved
18	CAM/89/011/C Regional development and integration of the electricity subsector (DIEICA) (Phase I)	May 1989 10 months	Washington/Mexico Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama	World Bank/ ECLAC	173	173	---	---	Approved	Approved
19	CAM/89/012/E Industrial reconversion in Central America	Oct. 1989 8 months	Guatemala Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	ECLAC	307	307	---	---	Approved	Approved
20	CAM/89/013/E Support to SIECA for the implementation of the Special Plan	June 1989 12 months	Guatemala Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	152	152	---	35	Approved	Approved
21	CAM/89/014/D Support to government bodies in the management of international co-operation	June 1989 24 months	--- Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	363	363	---	---	Approved	Approved
22	CAM/89/015/A Development and electrical integration (DIEICA Phase II)	June 1990 8 months	Washington/Mexico Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama	World Bank/ ECLAC	241	241	---	---	Approved	Approved
23	CAM/89/016/A Reactivation of Central American agro-industry (Phase I)	Oct. 1990 8 months	--- Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	289	289	---	---	In the pipeline	In the pipeline
24	CAM/89/017/A Nutrition initiative for Central America	March 1990 6 months	Guatemala Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	World Bank/ WHO/PAHO	169	74	95 4/ ---	WB/ PAHO/ WHO	Approved	Approved
25	CAM/89/018/A Institutional strengthening of CABEI (Phase I)	June 1990 5 months	Honduras Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	604	404 (Netherlands)	200	90	Approved	Approved

Item	Number and title of project	Initiation date and duration	Headquarters and participating countries	Executing agencies	Budget		Other	In kind	Status of project approval	
					Total	UNDP PEC			Government	UNDP
26	CAM/89/019/A Support to CIAV for the formulation of a project to reincorporate the Nicaraguan resistance	Nov. 1989 8 months	Nicaragua Nicaragua, Honduras	UNDP/ OPS	25	---	25 (UNDP/ PDF)	---	Approved	Approved
27	CAM/89/020/B Review of the portfolio of Central American telecommunications projects and preparation of technical documentation for meeting with co-operating community	May 1990 6 months	Honduras Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	ITU	137	137	---	74	Approved	Approved
28	CAM/89/021/A Technical co-operation for surveying current demand for the Central American electric power programme (PCEE) and formulating summaries of final projects	Oct. 1990 1.5 months	Honduras Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua		60	60 (s)	---	56	Under consideration	
29	CAM/89/022/A Transfer of technology in enriched flours	March 1990 24 months	Guatemala Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	200	200	---	141	Approved	Approved
30	CAM/89/023/A Belize subprogramme, programme in favour of displaced persons, refugees and returnees (PRODERE)	Nov. 1989 42 months	Belize	UNDP/ OPS UNHCR ILO PAHO/WHO	2 165	---	2 165 (Italy)	822	Approved	Approved
31	CAM/89/024/A Costa Rica subprogramme, programme in favour of displaced persons, refugees and returnees (PRODERE)	Nov. 1989 42 months	Costa Rica	UNDP/ OPS UNHCR ILO PAHO/WHO	7 578	---	7 578 (Italy)	752	Approved	Approved
32	CAM/89/025/A El Salvador subprogramme, programme in favour of displaced persons, refugees and returnees (PRODERE)	Nov. 1989 42 months	El Salvador	UNDP/ OPS UNHCR ILO PAHO/WHO	24 899	---	24 899 (Italy)	1 339	Approved	Approved
33	CAM/89/026/A Guatemala subprogramme, programme in favour of displaced persons, refugees and returnees (PRODERE)	Nov. 1989 42 months	Guatemala	UNDP/ OPS UNHCR ILO PAHO/WHO	24 899	---	24 899 (Italy)	5 463	Approved	Approved

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Item	Number and title of project	Initiation date and duration	Headquarters and participating countries	Executing agencies	Total	Budget UNDP PFC	Other	In kind	Status of project approval Government	UNDP
34	CAM/89/027/A Honduras subprogramme, programme in favour of displaced persons, refugees and returnees (PRODERE)	Nov. 1989 42 months	Honduras	UNDP/ OPS UNHCR ILO PAHO/WHO	5 413	---	5 413 (Italy)	1 906	Approved	Approved
35	CAM/89/028/A Nicaragua subprogramme, programme in favour of displaced persons, refugees and returnees (PRODERE)	Nov. 1989 42 months	Nicaragua	UNDP/ OPS UNHCR ILO PAHO/WHO	24 899	---	24 899 (Italy)	5 960	Approved	Approved
36	CAM/89/029/A Comprehensive Central American plan of technical co-operation and investment for reforestation and forestry management	Sept. 1990 5 months	Costa Rica/Guatemala Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	76	76 (s)	---	---	Under consideration	
37	CAM/89/130/A Assistance in the preparation of programmes and projects for the implementation of the Special Plan (Norway Trust Fund)	Feb. 1990 8 months	New York Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	366	---	366 (Norway)	---	N.A.	Approved
38	CAM/89/031/A Programme in favour of displaced persons, refugees and returnees. Regional sectoral initiatives	Sept. 1990 36 months	El Salvador/Guatemala Costa Rica, El Salvador, Guatemala, Belize, Honduras, Nicaragua	UNHCR ILO PAHO/WHO	2 706	---	2 706 (Italy)	---	Approved	Approved
39	CAM/89/R51/B Community education, information and documentation subprogramme - PRODERE	June 1989 47 months	Guatemala Costa Rica, El Salvador, Guatemala, Belize, Honduras, Nicaragua	UNDP/ OPS	5 859	---	5 859 (Italy)	---	Approved	Approved
40	CAM/90/001/A Strengthening of the Central American Bank for Economic Integration, Phase II	Jan. 1991 12 months	Honduras Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	2 470	400 (e)	2 070	90	In preparation	

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Item	Number and title of project	Initiation date and duration	Headquarters and participating countries	Executing agencies	Total	Budget UNDP PEC	Other	In kind	Status of project approval Government	UNDP
41	CAW/90/002/A Review of the portfolio of Central American projects in the agricultural sector and preparation of technical documentation for the meeting with the co-operating community	March 1990 6 months	New York/Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	289	289	---	85	Approved	Approved
42	CAW/90/003/A Review, expansion and prioritization of the portfolio of projects on uprooted populations within the framework of the CIRECA Action Plan	March 1990 8 months	New York Belize, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua	UNDP/ OPS UNHCR	319	---	319 (France)	---	Approved	Approved
43	CAW/90/004/A Integration and self-sufficiency for the repatriated communities of Teosinte, Tremenal and Guancora, El Salvador	Oct. 1990 12 months	El Salvador El Salvador	UNDP/ OPS UNHCR	700	---	700 (France)	N.A.	In the pipeline	
44	CAW/90/005/A Subregional project for the development of managerial capacity in health services (Phase II)	Aug. 1990 12 months	Guatemala Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama	PAHO/ WHO	883	387	496 5/ PAHO/WHO	275	Approved	Approved
45	CAW/90/006/A Agro-forestry support for low-income rural communities (preparatory assistance)	Oct. 1990 3.5 months	El Salvador Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	FAO	43	43	---	---	Approved	In the pipeline
46	CAW/90/007/A The intra-Central American debt and the external debt problem of the Central American countries	Oct. 1990 4 months	Costa Rica Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNDP/ OPS	62	40	22 6/ ESMC 7/	---	Approved	In the pipeline
47	CAW/90/008/A Participation of the Central American countries in the Uruguay Round	Nov. 1990 6 months	Guatemala Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	UNCTAD/ ECLAC	142	142 (s)	---	10	Under consideration	
48	CAW/90/009/A Promotion of tourism	Dec. 1990 12 months	Nicaragua Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	WTO	407	407 (s)	---	---	Under consideration	

Item	Number and title of project	Initiation date and duration	Headquarters and participating countries	Executing agencies	Budget UNDP PEC	Other	In kind	Status of project approval Government UNDP
49	CAM/90/010/A Human resources training in tourism	Dec. 1990 8 months	Nicaragua Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	WTO	185	185 (s)	---	Under consideration
50	CAM/90/011/A Action plan for the conservation and development of the resources of protected areas in the Central American isthmus	Dec. 1990 6 months	Nicaragua Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	WTO	199	199 (s)	---	Under consideration
I. Technical co-operation projects (approved)								
					15 893	10 895	4 998	
II. Technical co-operation projects (pending)								
					4 548	1 778	2 770	
III. PRODERE resources (Italian Government)								
					102 890	---	102 890	
IV. GRAND TOTAL								
					123 331	12 673	110 658	

(s) Sought.

(e) Estimated.

1/ IFAD is contributing \$600,000 and the Government of Japan \$2,580,000 through a Trust Fund with the World Bank.

2/ IICA is contributing \$360,000 and the Central American Governments \$1,261,000.

3/ Parallel financing.

4/ Ibid.

5/ Ibid.

6/ Ibid.

7/ ESCMC = Executive Secretariat of the Central American Monetary Council.